



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **9 VAC 25-260 – Amendment Designating Seven Waters in the Shenandoah National Park as Exceptional State Waters**

#### **Department of Environmental Quality**

September 18, 2004

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

The General Assembly mandates in §62.1-44.15 of the Code of Virginia that the State Water Control Board establish standards of quality and policies for any state waters consistent with the purpose and general policy of the State Water Control Law. The code also mandates that the State Water Control Board modify, amend, or cancel any such standards or policies and take all appropriate steps to prevent an alteration to water quality contrary to the public interest or contrary to established standards and policies.

The proposed regulation amends the anti-degradation section of the state's water quality standards to designate seven surface waters within the Shenandoah National Park for special protection as exceptional state waters. These waters, located in the counties of Albemarle, Page, Rappahannock, and Rockingham, include portions of Big Run, Doyles River, East Hawksbill Creek, Jeremys Run, East Branch Naked Creek, Piney River, and North Fork Thornton River.

## Estimated Economic Impact

The proposed regulation designates seven surface waters within the Shenandoah National Park for special protection as exceptional state waters. These waters include portions of Big Run, Doyles River, East Hawksbill Creek, Jeremys Run, East Branch Naked Creek, Piney River, and North Fork Thornton River. The waters to be designated are located in the counties of Albemarle, Page, Rappahannock, and Rockingham. An exceptional water quality designation provides extra protection against water quality degradation due to point source discharges. No new or increased point source discharge of sewage, industrial waste, or other pollution are allowed into the water once it has been designated as an exceptional state water. In addition, no new mixing zones are allowed in the designated waters and mixing zones from upstream or tributary waters are not allowed to extend into these designated waters. The designation only makes an exception in the case of temporary, limited impact activities and discharges.

By designating these waters as exceptional state waters, the proposed regulation will prohibit riparian landowners from new or expanded permanent point source discharges. Moreover, by prohibiting new mixing zones in these waters and by restricting mixing zones upstream from expanding into these waters, the proposed change could also affect discharges directly upstream or in tributary waters upstream to the designated water. Under these circumstances, riparian landowners and affected entities upstream of the designation would have to seek alternatives (such as treating the water to a higher degree or using diffusers to reduce the size of upstream mixing zones) to discharging into the stream as currently allowed. Thus, the designation of these waters as exceptional state waters could have a negative impact on future economic activity in the area. However, the designation is also likely to produce some economic benefits. By designating these waters as exceptional state waters, the proposed change is likely to encourage tourism in the surrounding areas and counties. The designation is likely to increase the number of people coming to the area seeking recreational outdoor activities such as fishing, camping, hiking, and kayaking. This, in turn, is likely to boost economic activity in the area.

The net impact of the proposed change will depend on whether the negative impact of the proposed change on some types of economic activity will be greater than or less than its positive impact on other types of activity. There are no precise estimates available at this time of the net economic impact of the proposed change. According to the Department of Environmental

Quality (DEQ), there is only one riparian landowner, the National Park Service. The head of the Shenandoah National Park has indicated to DEQ that the waters to be designated are not near any visitor or research stations and that no development has been planned in the vicinity of the waters to be designated. There are currently no Virginia Pollution Discharge Elimination System (VPDES) permittees located on these waters and none are anticipated by the National Park Service. Moreover, according to DEQ, the waters to be designated are headwaters, i.e., the source of a river or stream. Thus, the mixing zone restrictions associated with the designation are not relevant to these waters. The fact that the land adjacent to these waters is owned by the National Park Service and that the waters to be designated are headwaters indicate that the negative impact of the proposed change on future economic activity in the area is likely to be limited and quite possibly outweighed by the positive impact on tourism and related economic activity.

## **Businesses and Entities Affected**

The exceptional state waters designation prohibits new or expanded point source discharges and mixing zones in the designated waters and restricts the size of mixing zones directly upstream or in tributary waters upstream. These restrictions will have a negative effect on any businesses and entities seeking new or expanded point source discharges into or upstream of the designated waters. These businesses and entities will be required to seek alternatives to discharging as currently allowed. However, as the only riparian landowner is the National Park Service and the waters to be designated are headwaters, the number of such entities is likely to be limited.

Other businesses and entities affected by the proposed regulation include those involved in the tourism industry in areas surrounding the waters to be designated. By encouraging outdoor recreational activities in the area, the proposed change will have a positive economic impact on these businesses.

According to DEQ, there is only one riparian landowner, the National Park Service. There are currently no VPDES permittees located on these waters and none are anticipated by the National Park Service. Moreover, as the waters to be designated are headwaters, there are no VPDES permits upstream of these waters and none are anticipated.

## **Localities Particularly Affected**

The proposed regulation will affect the counties of Albemarle, Page, Rappahannock, and Rockingham in areas surrounding the waters to be designated.

## **Projected Impact on Employment**

Designating waters as exceptional state waters is likely to restrict employment growth in industries that would require discharging into or upstream of the designated waters. However, as the National Park Service is the only riparian landowner and the waters to be designated are headwaters, the number of such industries is likely to be limited.

On the other hand, by encouraging outdoor recreational activities, the proposed designation is likely to encourage employment growth in the industries related to tourism and outdoor recreation.

## **Effects on the Use and Value of Private Property**

Restrictions associated with the exceptional state waters designation will have a negative effect on any businesses and entities seeking new or expanded point source discharges into or upstream of the designated waters. These businesses and entities will be required to seek alternatives to discharging as currently allowed. However, as the only riparian landowner is the National Park Service and the waters to be designated are headwaters, the number of such entities is likely to be limited.

On the other hand, an increase in the number of people seeking outdoor recreational activities in the area is likely to increase revenues and hence the asset value of firms involved in the tourism and outdoor recreation industry. The proposed designation and any subsequent increase in economic activity could also have a positive impact on property values in the area.